

(6) RENOVATION RESERVE.

This Projection assumes contributions to a Renovation Reserve by the Partnership of \$200,000 upon admission of Binladin, \$100,000 on Sept., 1, 1983 and \$ 89,000 on September 1, 1984 from Capital Contributions; \$ 50,000 from cash flow in 1985; and \$ 40,000 from cash flow beginning in 1986. It is assumed that the funds in such Reserve would be invested to yield 6% annually before taxes and that earnings would remain in the Reserve. Withdrawals from the fund are generally assumed to be made at mid-year.

Year	Payments to Reserve Fund	Int.on Reserve	Withdrawals from Fund	Cumulative Net Balance
1982	\$ 200,000	\$ 420	\$ 185,000 (a)	\$ 15,420
1983	\$ 100,000	\$ 1,205	\$ 112,000 (a)	\$ 4,625
1984	\$ 89,000	\$ 265	\$ 80,000 (a)	\$ 13,890
1985	\$ 50,000	\$ 1,833	-	\$ 65,723
1986	\$ 40,000	\$ 4,743	-	\$ 110,466
1987	\$ 40,000	\$ 7,428	-	\$ 157,894
1988	\$ 40,000	\$10,274	\$ 208,168 (b)	-
	\$ 559,000	\$26,168	\$ 585,168	

(a) Partially expensed; partially capitalized

(b) Total amount capitalized.

(7) MANAGEMENT AND SERVICES FEES.

Under the terms of management contract which is expected to run for the life of the Partnership, DRC will receive a Management Fee of 5% of gross operating receipts in each year for its services in managing the Property.

(8) ALLOCATION OF CASH AVAILABLE FOR DISTRIBUTION.

Cash available for distribution in each year shall be allocated and distributed in accordance with Article X of the Partnership Agreement.

(9) ALLOCATION OF TAXABLE INCOME (LOSS)

The taxable income (loss) of the Partnership in each year will be allocated

(10) ALLOCATION OF REFINANCING AND SALE PROCEEDS.

In the event the Partnership refinances or sells the Property, the net proceeds from any such refinancing or sale will be distributed in accordance with Article X of the Partnership Agreement.

(11) WRAPAROUND MORTGAGE

The Seller has received a wraparound mortgage of \$ 8,250,000 at 9 3/4% interest only. The principal and accrued interest will be due and payable on March 20, 1989. The following is a table of the mortgage payments:-

Time Period *	Currently Payable	Rate	Deferred	Rate	Total Interest	Rate.
09/15/82-03/19/83	\$ 379,500	9%	\$ 31,625	3/4%	\$411,125	9 3/4%
03/20/83-03/19/84	742,500	9%	61,875	3/4%	804,375	9 3/4%
03/20/84-03/19/85	763,125	9 1/4%	41,250	1/2%	804,375	9 3/4%
03/20/85-03/19/86	783,750	9 1/2%	20,625	1/4%	804,375	9 3/4%
03/20/86-03/19/87	804,375	9 3/4%	-	-	804,375	9 3/4%
03/20/87-03/19/88	804,375	9 3/4%	-	-	804,375	9 3/4%
03/20/88-03/19/89	825,000	10%**	(20,625)	(1/4)%	804,375	9 3/4%

\* The Purchase Money Wraparound Note is dated September 15, 1982.

\*\* A portion of these payments shall be a payment of a portion of interest previously accrued and unpaid.

The Partnership anticipates the tax basis of the Property will be allocated as follows between land and depreciable property:

Gross Syndication		\$ 12,375,000
Less:		
Land	\$ 1,220,000	
Renovation Reserves	389,000	
Expenses and Amort.Items	445,500	
Permanent Syndication Costs	<u>56,100</u>	
	\$	<u>(2,110,600)</u>
Depreciable Property		<u>\$10,264,400</u>
Personal Property (1)	\$ 1,231,728	
Depreciable Real Estate	<u>9,032,672</u>	
TOTAL Depreciable Property.		<u>\$10,264,400</u>

Depreciation is calculated as follows:

Year	Real Estate (2)	Personal Property (1)	Reserves (3)	TOTAL
1982 (2 mths)	\$ 180,653	\$ 20,529	\$ -	\$ 201,182
1983	993,594	246,346	9,000	1,248,940
1984	903,267	246,346	11,000	1,160,613
1985	812,940	246,346	13,333	1,072,619
1986	722,614	246,346	13,333	982,293
1987	632,287	215,551	13,333	861,171
1988	541,960	-	13,333	555,293
TOTAL	<u>\$4,787,315</u>	<u>\$ 1,221,464</u>	<u>\$ 73,332</u>	<u>\$ 6,082,111</u>

- (1) Personal Property includes floor coverings, ceilings, partitions, fire protection materials, doors, furnishings, equipment and other materials not a permanent part of the real estate. It is assumed that the Partnership will elect to use an A.C.R.S. method of depreciation.
- (2) Accelerated depreciation in accordance with A.C.R.S. is anticipated.
- (3) Expenditure of \$135,000 in 1982, \$ 30,000 in 1983 and \$ 35,000 in 1984 are anticipated for capital improvements. These amounts are to be paid from the Renovation Reserve.

(12) EXPENSED AND AMORTIZED ITEMS PAID FROM LIMITED PARTNER CAPITAL CONTRIBUTIONS.

Expensed and Amortized Items	1982	1983	1984	1985	1986	1987	TOTAL
Transfer Taxes	\$23,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,000
Org. Cost *	10,725	42,900	42,900	42,900	42,900	32,175	214,500
Int.to Seller	15,233	113,625	39,375	-	-	-	168,233
TOTAL Expenses & Amortized	\$48,958	\$156,525	\$82,275	\$42,900	\$42,000	\$32,175	\$405,733

\* Includes fees to Daniel of \$200,000, accounting fees of \$2,000 and legal fees of \$ 12,500.

(13) FEEES AND SELLING EXPENSES

Of the total capital contributions of \$4,125,000, \$340,000 will be used to pay fees to the General Partner or its affiliates.

A portion of these fees have been amortized or deducted for the purpose of the Projections as set forth in Note 13.

DRC will receive management fees as described in Note 7. For the purpose of the Projections, such fees have been deducted when paid.

Legal fees and miscellaneous costs of \$ 56,100 related to the syndication of the Partnership investment have been capitalized in the Projections and are not depreciated; however, such amounts are deducted in computing gain upon the illustrated sale of the Property.

(14) SUMMARY OF SIGNIFICANT PROJECTED ASSUMPTIONS SOURCE AND APPLICATION OF PROCEEDS.

Application of Proceeds.	At Closing	September 1, 1983	Sept. 1 1984	TOTAL
Purchase Price (1)	2,190,000	\$450,000	\$450,000	\$3,090,000
Interest to Seller (2)	-	112,500	67,500	180,000
Legal Fees (3)	85,000	-	-	85,000
Accounting Fees (4)	8,000	-	-	8,000
Engineer Fees (5)	5,000	-	-	5,000
Appraisal (6)	5,000	-	-	5,000
Transfer Taxes (7)	23,000	-	-	23,000
Daniel Fees (8)	340,000	-	-	340,000
Renovation/Reserves (9)	200,000	100,000	89,000	389,000
TOTAL	\$2,856,000	\$662,500	\$606,500	\$4,125,000